

Robert W. Brielmaier

1 **DELMARVA POWER & LIGHT COMPANY**
2 **TESTIMONY OF ROBERT W. BRIELMAIER**
3 **BEFORE THE DELAWARE PUBLIC SERVICE COMMISSION**
4 **CONCERNING THE NOVEMBER 2013 THROUGH OCTOBER 2014**
5 **GAS COST RATE**
6 **PSC DOCKET NO. 13 - ____ F**

7 1. Q: **Please state your name, position and business address.**

8 A: Robert W. Brielmaier, Manager of Gas Operations, Delmarva Power & Light
9 Company (Delmarva or the Company). My business address is 630 Martin Luther
10 King Boulevard, PO Box 231, Wilmington, Delaware 19899-0231.

11 2. Q: **What are your responsibilities in your role as Manager of Gas Operations?**

12 A: As the Manager of Gas Operations, I oversee the day-to-day delivery of natural
13 gas to Delmarva's customers. I am responsible for the operation of Delmarva's Gas
14 Operations Control Room, its Liquefied Natural Gas Plant (LNG) and its gate and
15 regulator stations. I am also responsible for related gas business, regulatory and
16 system planning activities, including relationships with Delmarva's pipeline
17 suppliers.

18 3. Q: **What is your educational and professional background and experience?**

19 A: I am a graduate of Rutgers University with a Bachelor's Degree in Business
20 Administration. I have been employed by Delmarva since 1982, serving in various
21 supervisory and management capacities including Gas Customer Service, Gas
22 Engineering, Gas Construction and Maintenance, and Gas Operations.

23

1 4. Q: Have you previously testified before the Delaware Public Service Commission?

2 A: Yes. I have provided testimony before the Delaware Public Service
3 Commission (Commission) in the Annual Gas Cost Rate cases for 2010-2011, 2011-
4 2012, and 2012-2013. I also provided testimony in Docket No. 11-362 concerning
5 new tariff provisions for the Qualified Fuel Cell Provider (QFCP-RC).

6 5. Q: What is the purpose of your testimony?

7 A: The purpose of my testimony is to support Delmarva's Application for revisions
8 to the Gas Cost Rate (GCR) proposed to be effective during the period November
9 2013 through October 2014. My testimony will address the overall development of
10 Delmarva's gas sales, transportation and sendout volume forecasts and the lost and
11 unaccounted for gas percentage applicable to Delmarva's firm bundled sales and
12 transportation customers utilized in the calculation of the proposed GCR. My
13 testimony will also address the ongoing investigation into lost and unaccounted for
14 gas involving a large customer (LG Customer), and the Company's Customer
15 Communications Plan and Budget Billing Program. My testimony was prepared by
16 me or under my direct supervision and control. The source documents for my
17 testimony are Company records. I also rely upon my personal knowledge and
18 experience.

19 6. Q: What level of sales does Delmarva forecast for the 2013-14 GCR period?

20 A: As shown on Schedule RWB-1, for the 2013-14 GCR period, Delmarva
21 forecasts Firm Bundled Sales of 12,365,627 MCF and Firm Transportation volume of
22 6,368,506 MCF totaling a Firm Throughput of 18,734,133 MCF.

23

1 7. Q: Please summarize the comparison between the current forecast results and
2 the forecast filed with the Commission in Docket 12-419-F.

3 A: As shown on Schedule RWB-1, compared to the forecast filed in Docket No.
4 12-419F, forecasted Firm Bundled Sales decreased by 3.8%, Firm Transportation is
5 essentially unchanged (-0.3%) and Firm Throughput decreased 2.7%. The decrease in
6 the firm bundled sales forecast is primarily attributable to a 10.7% decrease in
7 Commercial Gas Service (GG) Sales. When compared to last year's GCR forecast,
8 the following customer classes reflect increased sales for the upcoming GCR period:
9 RSH (+0.5%), GVFT(+11.3%) and MVFT (+1.4%). The customer class forecasts
10 showing a decrease over the prior period are RES (-4.7%), GG (-10.7%), MVG (-
11 11.3%), LVFT (-2.4%), MVIT (-4.8%) and LVIT (-10.2%).

12 During the time period August 2012 through August 2013, thirty six (36)
13 Large or Transportation Customer changes occurred. These included changes to
14 customer Maximum Daily Quantities (MDQ), facility closings or additions, and rate
15 changes. The net changes in customer counts for the various large customer rate
16 classes are summarized below:

17

Large Customer Counts by Rate Class									
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	MVG	LVG		GVFT	MVFT	LVFT		MVIT	LVIT
20 August 2013	17	0		86	43	19		5	4
21 August 2012	17	0		83	43	19		5	4
22 Change	0	0		+3	0	0		0	0

23

1 **8. Q: Please describe the forecast methodology utilized this year.**

2 A: The forecast continues to use the methodology utilized in prior years,
3 specifically, multi-variant econometric models for the projection of sales and
4 customer growth for the Residential, Residential Space Heat and General Gas rate
5 customers. These rate classes generally are designated as the “small” customer
6 classes. The volumes for MVG, LVG and GL were projected deterministically, on a
7 customer by customer basis. Monthly sales patterns for specific customers were
8 adjusted to reflect recent customer information. The adjustments made include
9 contract, production or maintenance schedule changes, load additions or deletions, or
10 other adjustments particular to each customer’s activity. Monthly sales in the Firm
11 and Interruptible Gas Transportation classes, respectively, (“FT”, “IT”) were
12 developed in the same manner.

13 **9. Q: How was normal weather defined?**

14 A: The 30-year average of monthly Heating Degree Days (HDD) on a 65 degree
15 Fahrenheit basis was used, consistent with Commission Order No. 6327 in Docket
16 03-127. The HDD history is based on NOAA weather data collected at the
17 “Wilmington” site located at New Castle County Airport, New Castle, Delaware.
18 The historic methods of using normal temperature data to estimate sales, as approved
19 by the Commission, continue in use for this forecast.

20 **10. Q: Please describe the development of the system’s gas requirements forecast.**

21 A: Firm sendout is based upon (a) a monthly forecast of firm billed sales, adjusted for
22 (i) company use; (ii) a 2.8% factor for lost and unaccounted for gas; and (iii) cycle

1 billing effect. Schedule JBJ-3 presents the firm sales, company use, lost and
2 unaccounted for and cycle billing estimates on lines 2, 3 and 4.

3 11. Q: **Does the applied lost factor represent a change from the 2012-13 GCR filing?**

4 A. Yes, the loss factor in this filing, 2.8%, has been reduced from the 3.0% loss
5 factor in the 2012-13 filing.

6 12. Q: **Has there been any change to the methodology used by the Company to**
7 **calculate the loss factor in this filing?**

8 A. No, the calculation methodology used this year is the same as that used in the
9 GCR 2012-13 filing. This methodology includes only the gas volumes flowing to
10 the Company's firm bundled sales and transportation customers

11 13. Q: **Please explain why the Company has used a 2.8% loss factor in this annual**
12 **GCR application.**

13 A. The proposed 2.8% loss factor was derived by calculating lost and unaccounted
14 for gas for 12 month, 24 month, and 36 month periods, ending June 30, 2013. As
15 shown on Confidential Schedule RWB-2, the calculated losses for those periods
16 vary only marginally and thus the Company proposes to use the 2.8% calculated
17 value for the 36 month period.

18 14. Q: **What is the status of the investigation and resolution of lost and unaccounted**
19 **for gas (LAUF) associated with serving the large volume gas transportation**
20 **customer (LG customer) which was part of the Settlement Agreement for**
21 **Docket No. 12-419F?**

22 A. The Company and the LG Customer have conducted extensive discussions on
23 the LAUF issue. In an effort to determine the source of the issue, the parties have

1 agreed to engage the services of a qualified independent technical expert to
2 investigate the source(s) and actual quantity of LAUF on the pipeline segment
3 shared by the parties. The investigation will include a detailed operational audit of:
4 the measurement processes, the associated data, and the metering equipment. Upon
5 completion of the audit, the independent expert will present the parties with a report
6 of its findings.

7 **15. Q: When will the independent audit take place and when is the referenced report**
8 **expected to be completed?**

9 A. The Company and the LG Customer have agreed upon a qualified independent
10 technical expert, CEESI Measurement Solutions Inc., to conduct the audit and are
11 currently working to finalize an agreement with that firm, including the project
12 schedule. It is currently expected that the report will be completed sometime during
13 the 4th Quarter of 2013.

14 **16. Q: Have the Company and the LG Customer made any agreement with respect to**
15 **the use of the audit report?**

16 A. The parties have agreed to discuss the results of the report and to work in good
17 faith to resolve the LAUF dispute based upon the findings.

18 **17. Q: Will the Company keep the Division of the Public Advocate (DPA) and**
19 **Commission Staff (Staff) updated on the progress of the LAUF investigation**
20 **and findings?**

21 A. Yes, in accordance with the terms of the Settlement Agreement in PSC
22 Docket No. 12-419F, the Company will continue to provide regular updates to DPA

1 and Staff, at least every two months, and will file a report with the Commission
2 which identifies the findings and the actual LAUF costs.

3 **18. Q: Has the Company included any further financial adjustment in the 2013-2014**
4 **GCR with respect to the LAUF matter?**

5 A. No, the Company is awaiting the results of the independent expert's report
6 prior to making any further adjustments. Once the actual LAUF costs are
7 determined, the Deferred Fuel Balance will be trued-up with interest.

8 **19. Q: Please discuss the Company's Annual Customer Communication Plan.**

9 A: Delmarva has updated its annual natural gas Communications Plan to be
10 shared with Commission Staff and the DPA prior to the beginning of the heating
11 season. The plan serves as an outline of activities Delmarva intends to conduct to
12 inform customers about the GCR and educate them on ways to use energy more
13 efficiently at home or in the office. Activities in the Plan include various forms of
14 communications and customer education such as website messaging, customer
15 newsletter messaging, community speakers bureau meetings, on-line home energy
16 audit tools ("My Account"), and employee education programs. The Plan also
17 includes a timetable for meeting with various interest-groups who serve the needs
18 of people who are most sensitive to the cost of energy. In addition to the
19 aforementioned, the Plan also discusses activities planned to continue to promote
20 the Company's Budget Billing Program.

21 **20. Q: Please discuss the status of the Budget Billing Program.**

22 A: As of August 13, 2013, the Company had 124,753 gas customers of which
23 13,791 or approximately 11% are enrolled in the Budget Billing Program. The

1 Company's Communication Plan includes a series of activities designed to raise
2 customers' awareness of the Program. Activities in the Plan include Bill Inserts,
3 which will contain information about budget billing and how to enroll, and a
4 Budget Billing article in *My Energy Gram*, (electronic customer newsletter) e-
5 mailed to registered "My Account" customers. The Company plans to prominently
6 display a budget billing promotion on the internet home page of Delmarva.com,
7 which will link to information about the Program as well as enable customers to
8 enroll on-line or provide direction to contact our Customer Service Team. Winter
9 energy conservation information will be included in the customer newsletter along
10 with information about how to sign up for the Budget Billing Program. Customers
11 will also be encouraged to learn more about budget billing at community meetings
12 and various Speakers Bureau events throughout the fall and winter heating season
13 as a way to help manage their energy costs by spreading the costs of higher winter
14 usage over a 12 month period. Our call center representatives are also trained to
15 offer budget billing to customers who contact the call center with concerns about
16 their seasonal bills. There is also an "on-hold" message promoting budget billing
17 which plays while a customer is on-hold with a customer care representative.

18 The Company continues to support/sponsor such programs as the Good Neighbor
19 Energy Fund. The Company's Customer Services processes also continue to offer
20 our customer's flexible payment arrangements to help them better manage their
21 payment.

1 21. Q: Did Delmarva incur any Pipeline penalties during the period August 2012
2 through July 2013?

3 A: No.

4 22. Q: Does this conclude your pre-filed direct testimony?

5 A: Yes, it does.

Delmarva Power Light Company
2013 - 2014 GCR Period Gas Sales Budget

Schedule RWB-1

all in mcf		Firm Bundled Sales					
	RES	RSH	GL	GG	MVG	LVG	Total
Aug-13	7,494	63,710	17	97,446	19,467	-	188,135
Sep-13	13,624	61,910	17	109,178	19,808	-	204,537
Oct-13	11,768	152,016	17	180,405	8,594	-	352,799
Total	32,886	277,636	50	387,029	47,869	-	745,470
Nov-13	14,258	550,962	17	288,661	20,634	-	874,532
Dec-13	23,906	1,046,216	17	514,631	37,562	-	1,622,332
Jan-14	31,233	1,452,549	17	719,999	46,027	-	2,249,825
Feb-14	32,069	1,520,846	17	756,414	46,147	-	2,355,493
Mar-14	31,686	1,311,533	17	606,336	39,177	-	1,988,749
Apr-14	25,973	807,680	17	388,919	30,012	-	1,252,601
May-14	20,843	397,619	17	191,315	15,199	-	624,993
Jun-14	17,449	195,711	17	107,922	10,175	-	331,274
Jul-14	14,475	130,847	17	89,811	7,682	-	242,832
Aug-14	9,806	116,709	17	79,049	7,488	-	213,069
Sep-14	11,014	131,882	17	89,933	12,105	-	244,951
Oct-14	12,312	179,317	17	160,904	12,426	-	364,976
Total	245,024	7,841,871	204	3,993,894	284,634	-	12,365,627

Comparison to August 2012 GCR & ESR forecast for 12-13 GCR period:

Total	257,167	7,803,685	198	4,474,149	320,857	-	12,856,057
Change	(12,143)	38,186	6	(480,255)	(36,223)	-	(490,430)
%Change	-4.7%	0.5%	3.0%	-10.7%	-11.3%	0.0%	-3.8%

Delmarva Power Light Company **2013 - 2014 GCR Period Gas Sales Budget**

Schedule RWB-1

all in mcf	Firm Transportation			Firm Throughput
	GVFT	MVFT	LVFT	Total
Aug-13	21,544	68,072	341,628	431,244
Sep-13	25,923	73,298	358,298	457,519
Oct-13	42,618	93,092	357,545	493,255
Total	90,085	234,462	1,057,471	1,382,018
Nov-13	68,928	114,112	422,684	605,724
Dec-13	74,513	123,358	456,932	654,803
Jan-14	87,402	144,696	535,970	768,068
Feb-14	80,802	133,769	495,497	710,068
Mar-14	80,915	133,955	496,186	711,056
Apr-14	58,389	96,663	358,052	513,104
May-14	48,988	81,099	300,402	430,489
Jun-14	43,434	71,905	266,346	381,685
Jul-14	45,398	75,156	278,388	398,942
Aug-14	42,424	70,233	260,153	372,810
Sep-14	44,782	74,138	274,615	393,535
Oct-14	48,730	80,672	298,820	428,222
Total	724,705	1,199,756	4,444,045	6,368,506

Comparison	Comparison to August 2012 GCR & ESR forecast for 12-13 GCR period:			
Total	651,305	1,183,071	4,554,220	6,388,595
Change	73,400	16,685	(110,175)	(20,089)
%Change	11.3%	1.4%	-2.4%	-0.3%
				-2.7%

Delmarva Power Light Company **2013 - 2014 GCR Period Gas Sales Budget**

Schedule RWB-1

all in mcf	Interruptible Transportation				Total IT+ FPS	Total Transportation	Total Delivery Sales
	MVIT	LVIT	Total IT	FPS			
Aug-13	22,436	46,623	69,059	-	69,059	500,303	688,439
Sep-13	18,552	50,891	69,443	-	69,443	526,962	731,499
Oct-13	23,254	46,421	69,675	-	69,675	562,930	915,728
Total	64,242	143,935	208,177	-	208,177	1,590,195	2,335,665
Nov-13	21,821	48,486	70,307	-	70,307	676,031	1,550,563
Dec-13	23,589	52,414	76,003	-	76,003	730,806	2,353,138
Jan-14	27,669	61,481	89,150	-	89,150	857,218	3,107,043
Feb-14	25,580	56,838	82,418	-	82,418	792,486	3,147,979
Mar-14	25,616	56,917	82,533	-	82,533	793,589	2,782,338
Apr-14	18,484	41,072	59,556	-	59,556	572,660	1,825,261
May-14	15,508	34,459	49,967	-	49,967	480,456	1,105,449
Jun-14	13,750	30,552	44,302	-	44,302	425,987	757,261
Jul-14	14,372	31,934	46,306	-	46,306	445,248	688,080
Aug-14	13,430	29,842	43,272	-	43,272	416,082	629,151
Sep-14	14,177	31,501	45,678	-	45,678	439,213	684,164
Oct-14	15,427	34,277	49,704	-	49,704	477,926	842,902
Total	229,423	509,773	739,196	-	739,196	7,107,702	19,473,329

Comparisor Comparison to August 2012 GCR & ESR forecast for 12-13 GCR period:

Total	241,039	567,779	808,818	-	808,818	7,197,413	20,053,470
Change	(11,616)	(58,006)	(69,622)	-	(69,622)	(89,711)	(580,141)
%Change	-4.8%	-10.2%	-8.6%	-	-8.6%	-1.2%	-2.9%